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No. _____

IN THE SUPREME COURT OF THE UNITED STATES

October Term - 1984

JAMES J. FEULING, Petitioner

vs.

WILLIAM E. WOOD, dba ALUMINUM ACCESSORIES, et al, Respondent

PETITION OF JAMES J. FEULING FOR A WRIT OF CERTIORARI TO THE COURT OF APPEAL FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

Did the Court of Appeals For The Federal Circuit (CAFC) err in invalidating three design patents on summary judgment by finding that functional aspects dictated the designs without a consideration of the designs as a whole?

Did the CAFC err in invalidating three design patents on summary judgment by finding that petitioner's affidavit regarding his ornamental goals was conclusory?

Did the CAFC err in awarding attorney's fees for bad faith litigation by inferring the bad faith from petitioner's testimony re functional aspects of his designs coupled with his patent counsel's duty of reasonable inquiry?

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PETITION OF JAMES J. FEULING FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The Opinion Below

The opinion of the Court of Appeals for the Federal Circuit (hereafter CAFC) is numbered 84-543/84-662 and is not published. A Petition for Rehearing was denied January 15, 1985. The opinion appears beginning at page 1a.

JURISDICTION

Jurisdiction of this Court is involved pursuant to 28 U.S.C. Sec. 1254 (1964 ed.) to review the decision of the CAFC entered on November 30, 1984.

CONSTITUTIONAL PROVISIONS and STATUTES INVOLVED

Art. 1, Sec. 8 Clause 8 of the Constitution:

> "The Congress shall have power. . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

35 U.S.C. Sec. 101 (1964 ed.)

> "INVENTIONS PATENTABLE
> Whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."

Manual of Patent Examining Procedures Section 2001.02, 37 CFR 1.56:

> "(a) A duty of condor and good faith toward The Patent and Trademark Office

rests on the inventor, on each attorney or agent who prepares or prosecutes the application and on every other individual who is substantially involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application."

35 U.S.C. Sec. 171 (1964 ed.):

"Patents for Designs
Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided."

Federal Rules of Civil Procedure,

Rule 56:

"(a) For Claimant. A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory judgment may, at any time after the expiration of 20 days from the commencement of the action or after service of a motion for summary judgment by the adverse party, move with or without supporting affidavits for a summary judgment in his favor upon all or any part thereof."

STATEMENT OF THE CASE

This is a case involving infringement of three design patents for replacement parts for an air-cooled engine. The petitioner's designed replacement parts are the fan housing (2 models) and a generator support stand.

The Federal District Court in the Southern District of California granted the respondent's summary judgment motion invalidating the three patents on September 14, 1983, entered judgment for respondent and awarded attorney's fees to the respondents. The District Court invalidated the patents on the basis that petitioner had admitted in his depositions that his patents were primarily functional and only incidentally ornamental. The District Court awarded the attorney's fees to the respondents on the grounds that in light of petitioner's admissions, he had initiated the litigation in bad faith.

On appeal the CAFC found that the District Court had erred and that petitioner had not admitted the patents were invalid. However, the CAFC upheld the District Court on the grounds that while the petitioner never admitted his designs were primarily functional, the depositions established that functional considerations dictated the appearance of petitioner's claimed designs. Thus, the CAFC found that the respondent had met his burden of making a prima facie case of functionality.

The CAFC thereafter found that petitioner failed in his affidavits to come forward with convincing evidence to counter the prima facie case of functionality and the District Court's decision in invalidating the patents was upheld.

Regarding the attorney's fees awarded to respondent, the CAFC acknowledged that petitioner had not admitted his design

patents were invalid as primarily functional. However, the CAFC found that in light of the petitioner's deposition disclosures regarding the functional aspects of his designs, coupled with his patent counsel's duty of reasonable inquiry, Manual of Patent Examining Procedures Sec. 2001.02, that the District Court had not clearly erred in awarding respondent his attorney's fees. Thus, the District Court had not erred in finding the case to be exceptional.

There is no question present as to the "patentability" of the claims under 35 U.S.C. Sec. 171. The issues are solely the legal ones of whether the designs are primarily functional and only incidentally ornamental, and whether there is evidence of bad faith litigation by petitioner.

REASONS FOR GRANTING THE WRIT

This matter involves basic and important questions of both civil procedure and patent law. In light of the patent pre-

sumption of validity and the inferences in favor of the nonmoving party, can the CAFC find that functional considerations "dictate" a design based only on deposition testimony limited to functional aspects of the design? Can a finding of bad faith litigation follow from deposition testimony limited to functional aspects of a design? Can an affidavit of ornamental goals be dismissed as conclusory where the patentee sets out his design goals and objectives?

ARGUMENT

I. THE DESIGNED INVENTIONS

Before discussing the legal questions, a brief summary of petitioner's design patents is necessary.

Petitioner's inventions in the design application numbers 259,490 of November 9, 1978; 259,491 of August 17, 1979; and 261,654 of November 9, 1978 are for engine replacement parts of air-cooled engines.

Numbers 259,490 and 259,491 were granted for what is best described as a "center-mounted fan shroud" as used in Volkswagen engines installed in Baja bugs and Dune Buggies. The center-mounted fan shroud directs the cooling air onto the engine cylinders to maintain the proper operating temperature.

The petitioner's fan housings differ from the standard Volkswagen part in their shape and appearance. The Volkswagen fan housing is offset to the right. Petitioner's designs are center mounted in that the highest point of the fan housing is in the middle and not offset to one side. The center-mount design provides a graceful, symmetrical, balanced appearance.

Petitioner's design 261,654 is a generator mounting stand. The stand was redesigned to a new shape and configuration for the above mentioned fan housing. On its own it has graceful lines and form.

II. A CONFLICT EXISTS BETWEEN THE DECISION OF THE CAFC AND THOSE OF SEVERAL COURTS OF APPEAL

The function of summary judgment motion is not to permit court to decide issues of fact but to determine whether there is issue of fact to be tried. Both the district court and the appellate court are bound by this rule.

Whether a design is dictated by functional aspects or ornamental ones involves a factual resolution of the greater weight of each. The resolution of the issue requires a listing of each aspect of function and ornamentality and giving each such aspect a relative weight or importance to the overall design. The overall design must be studied and not just certain aspects before either function or ornamentality can be said to dictate. Application of McKay, (1963) 316 F.2d 962.

Here, the CAFC decided a factual issue when it concluded that "functional considerations dictate." (Appendix P.6a) That conclusion was based only on deposition testimony that focused on the functional aspects of the design. The petitioner was questioned about the engineering and functional aspects of his design and he responded. His responses then formed the basis of the factual resolution by the CAFC.

Equally important, the CAFC erred in deciding that functional considerations dictated the designs because that decision was made without consideration of the designs as a whole. Only the functional considerations, selectively pulled, were before the CAFC at the time.

The factual decision of the CAFC as to which aspects dictate the design was faulty in its process and against the decisions of other Courts of Appeal.

Abraham v. Graphic Arts Intern. Union (1981) 660 F.2d 811. Paton v. LaPrade (1975) 524 F.2d 862.

III. THE CAFC RULING HAS DEPARTED FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS

The CAFC dismissed petitioner's affidavit and the supporting affidavits as mere conclusory statements. The issue is whether there is a material issue of fact. The issue is whether the design is primarily ornamental or functional.

The affidavit of petitioner establishes his ornamental goals which were not asked on deposition. Petitioner states in the affidavit that appearance, good looks and ornamentality were the primary features of his design. The supporting affidavits of the purchasers set out that the appearance of the design was a big factor in purchasing the item.

The CAFC departed from the accepted and usual course of viewing affidavits in the light most favorable to the nonmoving party. Adickes v. S.H. Kress & Co., N.Y. 1970, 90 S.Ct. 1598, 398 U.S. 144, U.S. v. Diebold, Inc., Ohio 1962, 82 S.Ct. 993, 369 U.S. 654.

Petitioner's affidavits raise material issues of fact for trial. First, his credibility is in issue. Secondly, do the functional aspects of the design outweigh the ornamental aspects in light of the design goals set out in the affidavits.

The CAFC departure from accepted and usual course of resolving a summary judgment motion sets a dangerous precedent. A design inventor could be deposed solely on the functional aspects of the article of manufacture. Said testimony could thereafter become a basis for a judicial decision that the functional aspects dictate

the design. The inventor in effect is stripped of his property rights without having a full day in court wherein all aspects of the designs as well as full testimony on the issues could be considered.

The CAFC has also departed from the accepted and usual course of judicial proceedings in awarding attorney's fees without evidence of exceptional circumstances. Stevenson v. Sears, Roebuck & Co., 713 F.2d 705, 712, 218 USPQ 969, 975-976 requires a specific finding of exceptional circumstances before awarding attorney's fees.

After stating that the District Court erred in finding petitioner admitted invalidity of his patents, the CAFC infers bad faith litigation. (Appendix P. 11a). The inference of bad faith is made on the basis of petitioner's deposition testimony regarding functional aspects of his design

coupled with his patent attorney's duty of inquiry. (Manual of Patent Examining Procedures Sec. 2001.02)

How can bad faith be inferred from peitioner's response to questions re functionality? Every article of manufacture has functional aspects. Testimony regarding said aspects does not lead inexorably to bad faith.

Also, there was no evidence before the CAFC regarding the manner in which patent counsel discharged his duty of reasonable inquiry. Given that the patents were duly issued, it can be inferred that patent counsel complied with his duty. To infer that patent counsel was remiss, some evidence should be before the court. Here, there was none.

In G.H. Mumm Champagne v. Eastern Wine Corp. (1944) 142 F.2d 499, Certiorari denied 65 S.Ct. 41, 323 U.S. 715, the

Appellate Court held

> "On review of a summary judgment, Court of Appeals will not assume a point which depends on a finding of bad faith."

More recently the CAFC in Albert v. Kevex Corp. 83-720/83-781 decided 3-6-84 reversed a grant of partial summary judgment on the grounds that intent re fraud is a factual issue. It held, "Intent is a factual issue which is rarely free from dispute, and we do not see how it can be said that it is free from dispute in this case."

There is a dispute as to petitioner's state of mind re bad faith litigation. The CAFC has departed from the accepted and usual course of judicial proceedings and a review by this Court is in order.

IV. SUMMARY

Certiorari should be granted to resolve the conflict between the various Courts on the summary judgment issues and

also to clearly set a standard for the quantum of evidence needed for a finding of bad faith litigation to support an award of attorney's fees.

Respectfully submitted,

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APPENDIX

Note: This opinion will not be published in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

JAMES J. FEULING, Appellant, v. WILLIAM E. WOOD d/b/a ALUMINUM ACCESSORIES, ET AL. Appellees.	) Appeal Nos.	84-543/ 84-662

DECIDED: November 30, 1984

Before BALDWIN, SMITH, and NIES, Circuit Judges.

BALDWIN, Circuit Judge.

DECISION

The decision of the United States District Court for the Southern District of California, granting appellee's motion for summary judgment, awarding appellee attorney fees, and holding appellants' U.S. design patents -- Nos. 259,490 ('490 patent) and 259,491 ('491 patent), both issued June 9, 1981, and entitled "Fan Housing for an Air Cooled Engine," and No. 261,654 ('654 patent), issued November 3, 1981, entitled "Mounting Stand for Attaching an Accessory to an Engine" -- invalid as primarily functional, is affirmed.

OPINION

The design patents at issue concern parts suitable for modifying Volkswagen engines. The '490 and '491 patents are for fan housings. The '491 patent differs

from the '490 patent only in that the center hole is larger, the number of mounting holes is greater and some bracing material has been added. The '654 patent is for a bracket used in mounting either of the fan housings claimed in the '490 and '491 patents.

Summary Judgment

Appellant, James Feuling (Feuling), brought suit against appellee, William Wood (Wood), and others for infringing all three patents. Wood filed a motion for summary judgment attacking the validity of Feuling's patents. The motion alleged, inter alia, that Feuling had admitted that his designs were primarily functional and only incidentally ornamental. The trial court granted Wood's motion for summary judgment concluding that Feuling had admitted that his patented designs are primarily functional. The

court based this conclusion on Feuling's extensive deposition testimony regarding the functional aspects of the features of his designs.

Although Feuling's testimony evidences functionality, at no point in the depositions or in the pleadings did Feuling admit his designs are primarily functional. To the contrary, Feuling insists, and has insisted throughout, his designs are ornamental. The trial court erred by concluding that Feuling had admitted his designs are primarily functional.

Notwithstanding the trial court's error, we must affirm the grant of the summary judgment motion in this case. We have recently emphasized that "[s]ummary judgment is as appropriate in a patent case as in any other." Barmag Barmer Maschinenfabrik v. Murata Machinery Ltd.,

731 F.2d 831, 835, 221 USPO 561, 564 (Fed. Cir. 1984). Indeed, "[d]esign patents are particularly susceptible to disposition on summary judgment." Ace Fastener Corp. v. United States, 276 F.2d 391, 392, 125 USPO 143, 144 (Ct. Cl. 1960). However, the court should grant summary judgment only if the moving party shows the absence of a genuine issue of material fact and that he is entitled to judgment as a matter of law. Furthermore, on summary judgment, "the established facts, as well as any inferences of fact drawn from such facts, must be viewed in a light most favorable to the opposing party." Id. citing United States v. Diebold, 369 U.S. 654, 655 (1962).

The presumption of validity afforded by 35 U.S.C. § 282 places the burden of going forward and the burden of persuasion upon the party asserting invalidity.

SSIH Equipment S.A. v. United States International Trade Commission, 718 F.2d 365, 375, 218 USPO 678, 686 (Fed. Cir. 1983). The burden of going forward in challenging the validity of a design patent may be met, inter alia, by establishing a prima facie case of functionality. A design resulting only from functional considerations is not patentable as an ornamental design. In re Carletti and Whittlesey, 328 F.2d 1020, 1022, 140 USPO 653, 654 (CCPA 1964). Thus, a design patent on a configuration that is merely functional is invalid.

In the present case, Wood submitted Feuling's deposition testimony to the trial court. While Feuling never admitted that his designs are primarily functional, the depositions establish that functional considerations dictate the appearance of Feuling's claimed

designs. Thus, Wood fulfilled his burden of going forward by making a prima facie case of functionality.

Once a prima facie case of functionality is made, the design patentee must come forward with convincing evidence to counter that showing. See TP Laboratoritories, Inc. v. Professional Positioners, Inc., 724 F.2d 965, 971, 220 USPO 577, 582 (Fed. Cir. 1984), cert. denied, 53 U.S.L.W. 3225 (1984). Wood's evidentiary showing shifted the burden of going forward to Feuling to prove the existence of a genuine issue of material fact. Feuling submitted affidavits from himself and four of his customers. Each affidavit asserts that the housing designs are ornamental because the housings are symmetrical when mounted in the engine, and because they are bright and shiny. Such assertions are not sufficient to meet

Feuling's burden of going forward.

"The creation or origination of an ornamental design does not reside in the mere avoidance of dissymmetry." In re Carletti and Whittlesey, 328 F.2d at 1022, 140 USPO at 655 (emphasis in original). Furthermore, the affidavit statements are not directed to the summetry of the design itself, but to the symmetry of an engine housing incorporating this design. Thus, the alleged symmetry does not render these designs ornamental. Nor is the finishing of an article's surfact a basis for a finding of ornamentality. In re Wilson, 345 F.2d 1018, 1020, 145 USPO 558, 559 (CCPA 1965). Absent these two asserted bases for ornamentality, Feuling's allegations of ornamentality are mere conclusory statements.

This court in Barmag said:

> The critical factor in

> a motion for summary judgment in a patent case, as in any other, is the determination by the court that there is no genuine issue of material fact. With respect to whether there is a genuine issue, the court may not simply accept a party's statement that a fact is challenged. Union Carbide Corp. v. American Can Co., 724 F.2d at 1571, 220 USPO at 588. The party opposing the motion must point to an evidentiary conflict created on the record at least by a counter statement of a fact or facts set forth in detail in an affidavit by a knowledgeable affiant. Mere denials or conclusory statements are insufficient.

731 F.2d at 835-36, 221 USPO at 564 (emphasis added).

Feuling has therefore failed to prove a genuine issue of material fact exists, and the trial court committed no error in granting summary judgment.

Attorney Fees

Feuling seems to argue that the trial court erred in three respects by awarding Wood attorney fees. First, Feuling contends that the court failed to make the finding required by the patent statute for an award of attorney fees. A trial court must make a finding of exceptional circumstances before it can exercise its discretion to award reasonable attorney fees under 35 U.S.C. § 285 (1982). Stevenson v. Sears & Roebuck Co., 713 F.2d 705, 712, 218 USPO 969, 975-76 (Fed. Cir. 1983).

The finding of exceptional circumstances, however, need not be made in writing. It is sufficient if the "findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence * * *." Fed. R. Civ. P. 52(a). In the instant

case, at the attorney fees hearing, the court indicated that the case was exceptional. This finding of exceptional circumstances satisfied the statutory requirement.

Second, Feuling asserts that, assuming the trial court made the requisite finding of exceptional circumstances, the trial court erred in making this finding. The basis for the trial court's exceptional circumstances finding was a finding that Feuling conducted this litigation in bad faith. In light of Feuling's disclosure of the functional aspects of his designs during his depositions, coupled with his patent counsel's duty of reasonable inquiry to determine whether the claimed designs were functional before filing the patent applications, Manual of Patent Examining Procedures, § 2001.02, we cannot say that the trial court clear-

ly erred in finding that Feuling conducted this litigation in bad faith. For purposes of section 285, the bad faith evidenced in this litigation constitutes an exceptional case. Stevenson, 713 F.2d at 712, 218 USPO at 975-76. Therefore, the trial court did not err in finding this case to be exceptional.

Third, Feuling argues that the amount of attorney fees awarded is unreasonable. The amount of an award of attorney fees is a matter for the sound discretion of the trial court, provided the party seeking an award establishes an evidentiary basis for the award. Lam, Inc. v. Johns-Manville Corp., 718 F.2d 1056, 219 USPO 670 (Fed. Cir. 1983). In the present case, the record provides an adequate evidentiary basis for the award. Moreover, the trial court carefully reviewed the evidence and awarded less than one half of the amount

requested. The trial court, therefore, did not abuse its discretion in determing the amount of attorney fees.